

DISCLAIMER

*This electronic version of an SCC document is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).*

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE980813

Ex Parte: In the matter of considering an  
electricity retail access pilot program -  
Virginia Electric and Power Company

PETITION FOR RECONSIDERATION

COMES NOW the Staff of the State Corporation Commission  
("Staff") and hereby petitions the Commission for  
reconsideration of its April 28, 2000, Final Order in the  
captioned case. In support of its Petition, the Staff states as  
follows:

(1) On April 28, 2000, the Commission issued its Final  
Order in the captioned case, approving Virginia Electric and  
Power Company's ("Virginia Power" or "the Company") pilot  
program. Among other things, this Order stated that Virginia  
Power's proposed method for determining the wires charge rate  
design should be used for all classes except the residential  
class. For that class, the Order required that the Staff's  
proposed Option 1 should be used because it provides better  
incentives against seasonal gaming and would be more  
understandable to market participants.

(2) The Order also provided that the projected market price for generation shall be established by the Commission Staff and Virginia Power, in accordance with the principles set forth in the Order, approximately ninety (90) days prior to the start of the Phase I of the pilot program, scheduled to begin on September 1, 2000.

(3) When considering updated market price information, the Staff determined that its Option 1 methodology would result in a negative wires charge for all participating residential customers, both those in the first 800 kWh block and those in the over 800 kWh block, during the summer. For the first 800 kWh, the wires charge would be approximately negative \$0.02142 per kWh. For any kWh over 800, the wires charge would be a negative \$0.00050 per kWh.

(4) The Staff is concerned that such a result would be contrary to the newly amended Virginia Electric Utility Restructuring Act, §§ 56-576 to -595 of the Code of Virginia, which now states, "No wires charge shall be less than zero." Section 56-583 A of the Code of Virginia.<sup>1</sup>

(5) In light of this situation, the Staff proposes that the Commission reconsider its Final Order. Instead of using the Staff's proposed Option 1 for the residential class, the Staff

---

<sup>1</sup> 2000 Va. Acts ch. 991.

proposes a slightly modified methodology, illustrated in the charts that are Attachment A to this petition. Essentially, under this revision, all Virginia Power customers using a competitive generation supplier would pay a zero wires charge during the summer and would pay a somewhat lower wires charge in the base months than would have resulted from the use of Staff Option 1. This revised method would allow Virginia Power to recover the same total revenue in wires charges as it would have collected pursuant to Staff Option 1. The Staff's revised methodology simply reapportions how this revenue is collected over time.

(6) This revised method preserves the seasonal differentiation feature found in Staff Option 1 which is designed to mitigate the potential for seasonal gaming. Since wires charge revenue will not be collected during summer months, the revised method maximizes summer shopping credits, subject to the restriction that no wires charges fall below zero.

(7) The main difference between the Staff's revised method and Option 1 is that, under Option 1, there was one projected market price for all customers during the summer, and a different market price for all customers during the base months. Under the revised method, there is still one market price for all customers in the base months. For the summer months, the market price for the use of more than 800 kWh per month changes

slightly from \$0.07321 per kWh to \$0.07271 per kWh. For usage under 800 kWh per month, the market price drops from \$0.07321 per kWh to only \$0.05179 per kWh. The Staff believes that these minor deviations from its originally proposed Option 1 are an acceptable alternative to avoid negative wires charges, which are borbidden by § 56-583 A of the Code of Virginia.

WHEREFORE, the Staff respectfully requests that the Commission reconsider its April 28, 2000, Final Order. The Staff requests that the Commission remove from the Order the requirement that Virginia Power use the Staff's Option 1 for designing wires charges for residential customers and, in its place, use the revised method as proposed in Attachment A to this petition. The Staff has been authorized to represent that Virginia Power does not object to this proposed revision.

Respectfully submitted,

The Staff of the State  
Corporation Commission

By: \_\_\_\_\_

M. Renae Carter  
Office of General Counsel  
State Corporation Commission  
P.O. Box 1197  
Richmond, Virginia 23219  
(804) 371-9671

May 17, 2000

**VIRGINIA ELECTRIC AND POWER COMPANY**  
CALCULATION OF UNBUNDLED RATES AND WIRES CHARGES  
SCHEDULE PRS

**(MARKET PRICE IS BASED ON PRELIMINARY CALCULATIONS AND ARE NOT FINAL)**

**A. PRESENT SCHEDULE 1 APPROVED IN CASE NO. PUE960296**

	(1) SCH 1 09/30/97 - EOP KWH	(2) 03/01/99 BASE RATES	(3) FUEL LEVEL @ \$0.01339	(4) TOTAL SCH 1 RATE WITH FUEL	(5) TOTAL SCH 1 REVENUE W/FUEL
1. BCC	19,973,460	\$7.00		\$7.00	\$139,814,220
2. FIRST 800 KWH - SUMMER	4,248,492,725	\$0.06403	\$0.01339	\$0.07742	\$328,918,307
3. FIRST 800 KWH - BASE	8,496,985,449	\$0.06403	\$0.01339	\$0.07742	\$657,836,613
4. OVER 800 - SUMMER	2,852,206,112	\$0.07423	\$0.01339	\$0.08762	\$249,910,300
5. OVER 800 - BASE	<u>6,432,861,714</u>	\$0.04533	\$0.01339	\$0.05872	<u>\$377,737,640</u>
6. TOTAL	22,030,546,000				\$1,754,217,080

**B. CALCULATION OF I & D**

	(1)	(2) EXCESS CUST CHG	(3) DIST RATE	(4) TRANSMISSION	(5) ANCILLARY SERV CHARGE	(6) TOTAL T & D WITH ANCILLARY SERV	(7) REVENUE
1. BCC		\$7.00	\$7.00			\$7.00	\$139,814,220
2. FIRST 800 KWH - SUMMER		\$0.01140	\$0.02212	\$0.00265	\$0.00086	\$0.02563	\$108,888,869
3. FIRST 800 KWH - BASE		\$0.01140	\$0.02212	\$0.00265	\$0.00086	\$0.02563	\$217,777,737
4. OVER 800 - SUMMER		\$0.01140	\$0.01140	\$0.00265	\$0.00086	\$0.01491	\$42,526,393
5. OVER 800 - BASE		\$0.01140	\$0.01140	\$0.00265	\$0.00086	\$0.01491	<u>\$95,913,968</u>
6. TOTAL					\$18,946,270		\$604,921,187

**C. CALCULATION OF WIRES CHARGE**

	(1) SCH 1 LESS T & D UNBUNDLED GEN RATE WITH FUEL	(2) SCH 1 UNBUNDLED GEN REVENUE	(3) SCH 1 UNBUNDLED GEN RATIO	(4) RATIOED MARKET PRICE REVENUE	(5) BLOCKED MARKET RATE	(6) UNBUNDLED GEN LESS MARKET RATE = WIRES CHARGE	(7) WIRES CHARGE REVENUE
1. BCC							
2. FIRST 800 KWH - SUMMER	\$0.05179	\$220,029,438	19.1447%	\$311,032,152	\$0.07321	(\$0.02142)	(\$91,002,714)
3. FIRST 800 KWH - BASE	\$0.05179	\$440,058,876	38.2894%	\$287,368,048	\$0.03382	\$0.01797	\$152,690,829
4. OVER 800 - SUMMER	\$0.07271	\$207,383,906	18.0444%	\$208,810,009	\$0.07321	(\$0.00050)	(\$1,426,103)
5. OVER 800 - BASE	\$0.04381	<u>\$281,823,672</u>	24.5214%	<u>\$217,559,383</u>	\$0.03382	\$0.00999	<u>\$64,264,289</u>
6. TOTAL		\$1,149,295,893	100.0000%	\$1,024,861,000			\$124,526,300
7. AVERAGE PER KWH		\$0.052168 / KWH		\$0.046520 / KWH			\$0.005652

DERIVATION OF ADJ TO WIRES CHG	
=====>	(\$91,002,714)
=====>	
TOTAL	<u>(\$1,426,103)</u>
BASE SALES	14,929,847,163
FLAT ADJ TO WIRE CHG	<u>(\$0.00619)</u>

(MARKET PRICE IS BASED ON PRELIMINARY CALCULATIONS AND ARE NOT FINAL)

**D. ADJUSTMENT FOR NEGATIVE WIRES CHARGE / FLAT ADDER**

	WIRES CHARGE	FLAT ADDER ADJUSTMENT	ADJUSTED WIRES CHARGE	ADJUSTED WIRES CHARGE REVENUE
1. BCC				
2. FIRST 800 KWH - SUMMER	(\$0.02142)		\$0.00000	\$0
3. FIRST 800 KWH - BASE	\$0.01797	(\$0.00619)	\$0.01178	\$100,087,054
4. OVER 800 - SUMMER	(\$0.00050)		\$0.00000	\$0
5. OVER 800 - BASE	\$0.00999	(\$0.00619)	\$0.00380	\$24,439,246
6. TOTAL				\$124,526,300
7. AVERAGE PER KWH				\$0.005652 / KWH

**E. TOTAL UNBUNDLED SCHEDULE 1 RATE**

	(1) DISTRIBUTION	(2) TRANSMISSION	(3) ANCILLARY SERVICES	(4) WIRES CHARGE	(5) MARKET PRICE	(6) EFFECTIVE UNBUNDLED SCH.1
1. BCC	\$7.00					\$7.00
2. FIRST 800 KWH - SUMMER	\$0.02212	\$0.00265	\$0.00086	\$0.00000	\$0.05179	\$0.07742
3. FIRST 800 KWH - BASE	\$0.02212	\$0.00265	\$0.00086	\$0.01178	\$0.04001	\$0.07742
4. OVER 800 - SUMMER	\$0.01140	\$0.00265	\$0.00086	\$0.00000	\$0.07271	\$0.08762
5. OVER 800 - BASE	\$0.01140	\$0.00265	\$0.00086	\$0.00380	\$0.04001	\$0.05872

**F. AVERAGE MARKET PRICE AND RATIO**

	KWH SALES	EFFECTIVE MARKET PRICE	MARKET PRICE REVENUE	SUMMER SUMMARY (MKT REV AND SALES)	WINTER SUMMARY (MKT REV AND SALES)	RATIO
1. FIRST 800 KWH - SUMMER	4,248,492,725	\$0.05179	\$220,029,438			
2. FIRST 800 KWH - BASE	8,496,985,449	\$0.04001	\$339,971,822			
3. OVER 800 - SUMMER	2,852,206,112	\$0.07271	\$207,383,906	\$427,413,345	\$597,356,248	
4. OVER 800 - BASE	6,432,861,714	\$0.04001	\$257,384,426	7,100,698,837	14,929,847,163	
5. TOTAL	22,030,546,000		\$1,024,769,593			
6. AVERAGE MARKET PRICE & RESULTING RATIO =====>			\$0.04852	\$0.06019	\$0.04001	1.504419